

**LEGISLATIVE EDUCATION STUDY COMMITTEE
BILL ANALYSIS**

Bill Number: HB 291

51st Legislature, 1st Session, 2013

Tracking Number: .190926.1

Short Title: School Deferred-Maintenance Issues

Sponsor(s): Representative Roberto “Bobby” Gonzales and Others

Analyst: Sarah Amador-Guzman

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**FOR THE PUBLIC SCHOOL CAPITAL OUTLAY OVERSIGHT TASK FORCE AND
THE LEGISLATIVE EDUCATION STUDY COMMITTEE**

Bill Summary:

HB 291 appropriates funds from the Public School Capital Outlay Fund (PSCOF) to the Public School Capital Outlay Council (PSCOC) for:

- expenditure in FY 14 through FY 16; and
- allocations to school districts and charter schools that demonstrate a need to address deferred-maintenance issues in classrooms or other facilities used primarily by students.

The bill also allows the PSCOC to establish guidelines for prioritizing and distributing the allocations from the PSCOF.

Fiscal Impact:

\$10.0 million is appropriated from the PSCOF to the PSCOC to be expended between FY 14 and FY 16. At the end of FY 16 any unexpended or unencumbered balances remaining shall revert to the PSCOF.

Fiscal Issues:

According to the Public School Facilities Authority (PSFA), every dollar spent on preventive maintenance saves the state more than \$3.00 worth of future repairs, reducing capital and operational costs so that the money can be focused on educational needs.

Substantive Issues:

According to the PSFA bill analysis:

- school districts have deferred critical maintenance because of:
 - reduced operational budgets;
 - reduced funding sources; and
 - constant changes in leadership.

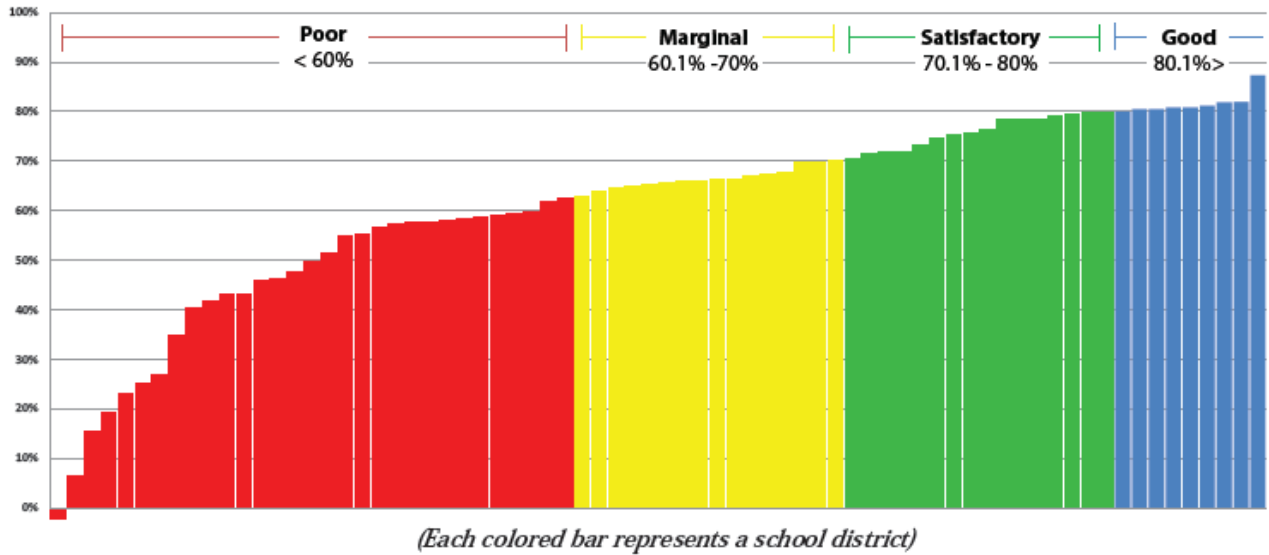
- When maintenance work is deferred:
 - repairs become more expensive over time;
 - the expected useful life of facility systems is reduced;
 - parts become obsolete; and
 - technical staff that work on older systems become less prevalent.
- facility equipment and systems work in coherence, where if one component fails within the system it adversely affects and stresses other components within the system, which adds to the costs of repairs and necessitates premature capital expenditures; and
- if deferred maintenance is not addressed the issue will become more widespread and will require premature capital funding to keep the educational environment and specifically the classrooms operating at a higher cost to taxpayers in the future.

Background:

The PSFA reports that:

- when the PSCOC measured the Facility Condition Index (FCI) of public school buildings the average:
 - was 70 percent in 2003; and
 - is 38 percent in 2013.
- FCI of 60 percent or above is an indication that the building is beyond repair;
- currently, only 18 schools in the state have an index greater than 60 percent;
- in the past 10 years these improvements cost the state approximately \$1.5 billion;
- PSFA’s Facility Maintenance Assessment Report (FMAR) scores each school building based on:
 - on-site observations of the school; and
 - a review of the school’s preventive maintenance plan and maintenance management practices.
- FMAR statewide average score is currently 60.9 percent, the minimum score for a *Marginal* rating;
- only 25 districts rank in the *Satisfactory* and *Good* performance range;
- FMAR analysis, illustrated in the table below, shows a serious need to improve public school maintenance to retain the investments made by the state and districts; and
- PSFA estimates that a 10 percent increase in the FMAR statewide on maintenance effectiveness, over time, can reduce spending by about \$27.0 million annually.

FY12 Average FMAR Scores Across New Mexico School Districts



FMAR CLASSIFICATIONS:

- OUTSTANDING** (90.1%-100%): A highly focused and goal-driven supported maintenance culture. Facility conditions are exceptionally good.
- GOOD** (80.1%-90%): Facility conditions are found to be of high quality, performing well, but not excellent or outstanding in quality.
- SATISFACTORY** (70.1%-80%): Sufficient maintenance program that is adequate or acceptable.
- MARGINAL** (60.1%-70%): Activities are close to the lower limit of acceptability, exceeding minimum requirement and need for improvement.
- POOR** (60% and below): Need for immediate improvement as systems, safety, and the environment are at risk for failure.

Committee Referrals:

HEC/HAFC

Related Bills:

SB 147a *Education Technology Definitions*